

**GENERAL INSURANCE CONDITIONS FOR LIABILITY INSURANCE  
(VPP ODP 01/2020)**

**Article 1. INTRODUCTORY PROVISIONS**

- 1) This Insurance is governed by the Insurance Contract, including the given Insurance Conditions, the Civil Code and other generally applicable legislation of the Czech Republic. In the event of a conflict between the individual provisions the Insurance Contract shall take precedence over the Insurance Conditions and the Special Insurance Conditions shall take precedence over the General Insurance Conditions and the Supplementary Insurance Conditions shall take precedence over the Special Insurance Conditions.
- 2) If an entrepreneur is the policyholder, it shall apply the same acts with expertise, care and caution and the protective provisions for contracts concluded in an adhesion manner shall not apply.
- 3) The Insurance is arranged as loss insurance.

**Article 2. DEFINITIONS**

<b>Regular premium</b>	Premium set for the insurance period;
<b>Pure financial loss</b>	Loss not arising from previous damage to property or bodily injury;
<b>One-off premium</b>	Premium for the entire period of insurance;
<b>Costs of legal representation</b>	Costs incurred in connection with an insured event regarding reasonable legal representation of the insured in proceedings for the compensation of damage or injury if the insured is obliged to meet such costs;
<b>Consequential damage</b>	Damage arising from previous damage to property or bodily injury;
<b>Non-material damage</b>	Interference with the rights of the injured not affecting directly its proprietary rights (in particular, bodily injury, mental suffering as well as loss of amenity if the bodily injury has caused an obstacle to a better future of the injured);
<b>Entitled person</b>	A person that becomes entitled to indemnification as a result of an insured event;
<b>Insurer</b>	Lloyd's Insurance Company S.A. Bastion Tower, Marsveldplein 5, 1050 Brussels, Belgium and registered with Banque-Carrefour des Entreprises / Kruispuntbank van Ondernemingen under number 682.594.839 RLE (Brussels);
<b>Insurance period</b>	A time period for which insurance has been arranged;
<b>Insurance hazard</b>	An act or omission or any other fact that may cause the occurrence of an insured event;

<b>Insurance term</b>	A time period of one year, unless otherwise provided in the Insurance Contract;
<b>Insurance risk</b>	Measure of probability of occurrence of an insured event caused by an insurance hazard;
<b>Insured</b>	A person whose obligation to compensate for damage or any other harm is covered by insurance;
<b>Injured</b>	A person to whom damage or injury has been caused by an insured event and who is entitled to its compensation;
<b>Serial damage</b>	All damage or losses arising from the same cause or from more causes if there is causal, chronological or any other direct connection between them, irrespective of the number of injured; a serial damage arises upon the occurrence of first damage or loss;
<b>Sublimit</b>	The maximum limit of indemnification from one insured event arranged within the main limit of indemnification (i.e. the sublimit does not increase the main limit), unless otherwise provided; the sublimit is in particular arranged for supplemental insurance;

### **Article 3. START AND DURATION OF INSURANCE**

Insurance will start on the date stated in the Insurance Contract. If the start of the Insurance is not stated in the Insurance Contract, the Insurance will start on the first day following the date of conclusion of the Insurance Contract. Unless otherwise agreed in the Insurance Contract, the Insurance is arranged for an indefinite period and the Insurance period is one year. If the policyholder arranges Insurance for the benefit of another person, he/she is obliged to inform him/her about the arrangement of the Insurance and make him/her familiar with the content of the Contract.

### **Article 4. TERMINATION OF INSURANCE**

- 1) Insurance will be terminated by an agreement of the contracting parties, upon the expiry of the agreed Insurance period, by the lapse of the term set by the insurer in the reminder of the payment of the due premium or any part thereof or by a notice of the insurer or policyholder that:
  - a) Is delivered to the other contracting party at least six weeks before the end of the Insurance period; however, if the notice is delivered to the other contracting party later than six weeks before the day on which the Insurance period expires, the Insurance will be terminated at the end of the following Insurance period;
  - b) Is delivered to the other contracting party in two months from the conclusion of the Insurance Contract and that has an eight-day notice period;
  - c) Is delivered to the other contracting party in three months from the announcement of the occurrence of an insured event and that has a month-long notice period.
- 2) Insurance will further be terminated:
  - a) Upon the withdrawal from the Insurance Contract if a decision on the insolvency of the policyholder or the insured is published or if an insolvency petition is rejected for insufficient assets of the policyholder or the insured;

- b) Upon the withdrawal from the Contract if the obligations arising from the Insurance Contract have substantially been breached;  
as of the withdrawal delivery to the other party.
- 3) Insurance will also be terminated for other reasons stated in the Civil Code and/or these Insurance Conditions.

#### **Article 5. LIMIT OF INDEMNITY**

- 1) The Limit of Indemnity agreed in the Insurance Contract is the upper limit of the indemnification from one insured event and from all insured events during an annual policy period, if not agreed otherwise in the Insurance Contract.
- 2) The obligation of the insured to compensate for serial damage is considered as one insured event.
- 3) The scope of Insurance can be limited or extended by agreeing on a sublimit.

#### **Article 6. DEDUCTIBLE**

The insured participates in the insurance benefit from each insured event by the amount agreed in the Insurance Contract as deductible that will be deducted from the calculated insurance benefit. In the event of serial damage the deductible applies only once. Where, in one insured event, different scopes of Insurance with different deductibles are affected, only the highest agreed deductible amount will apply.

#### **Article 7. PREMIUM**

- 1) The policyholder is obliged to pay the Premium in a proper and timely manner.
- 2) The Premium is agreed as regular, unless otherwise provided in the Insurance Contract.
- 3) Payment of the Premium can be arranged in instalments. Payment of the Premiums in instalments does not affect the length of the Insurance period. The maturity of the Premium is given in the Insurance Contract. Unless otherwise provided, the Premium is deemed to have been paid upon the allocation thereof to the account of the insurer.
- 4) The insurer is entitled to deduct from the insurance benefit the outstanding amount of Premiums and other receivables due from all insurance policies contracted with the policyholder, except for the indemnities from the compulsory insurance.
- 5) If the Premium is not paid in due time, the insurer may claim default interest in an amount laid down in the applicable legal regulations.
- 6) The insurer may unilaterally change the amount of the regular Premium for the following Insurance period, in particular in the following cases:
  - a) In the event of a change in the generally applicable legislation or court practices that has an effect on damages or damage or on the determination of the amount of the indemnity or the amount of the costs of the insurer;
  - b) Where there is an increase in insurance claims for reasons beyond the control of the insurer (e.g. price changes, tax increases and/or the number and frequency of insured events);

- c) If the insurer, in fulfilling the obligations of the policyholder under Article 8 paragraph 4 of these Conditions, identifies such material facts that increase the insurance risk so that the insurer, having knowledge of this fact / these facts, would not conclude this Insurance Contract or would conclude it under different conditions;
- d) If the Premium is not sufficient to ensure the ability of an insurance company to permanently fulfil obligations under the applicable legislation and/or the Insurance Contract, these General Insurance Conditions and/or Supplementary Insurance Conditions.

If the insurer changes the amount of the Premium, it will notify the policyholder not later than two months before the due date of the Premium for the Insurance period in which the amount of the Premium is to be changed. If the policyholder does not agree with the change, it may notify the insurer thereof in writing in one month from the day it learnt about it. In such a case the Insurance will be terminated upon the expiry of the Insurance period for which the Premium was paid.

- 7) Insurance is not interrupted for non-payment of the Premium.
- 8) If the policyholder has been given a discount on the premium for the stipulated length of the policy period and the insurance was terminated for any reasons on the part of the policyholder or the insured before this period has expired, the policyholder is obliged to return to the insurer the amount corresponding to the provided discount for the entire period of insurance.

#### **Article 8. OBLIGATIONS UPON THE START AND FOR THE DURATION OF INSURANCE**

- 1) The Insurance applicant, policyholder and the insured are obliged in the negotiating of concluding the Insurance Contract or any change thereof to truthfully and completely answer the written inquiries of the insurer regarding the Insurance being arranged and to notify the insurer in writing of any known material circumstances relevant to the insurer for the insurance risk assessment, decision on the admission to insurance and determination of the Insurance conditions. Circumstances to which the insurer has explicitly asked are always considered to be material.
- 2) If the circumstances given in the preceding paragraph change so significantly that they increase the probability of the occurrence of an insured event (increase in the insurance risk), the policyholder and the insured are obliged to notify the insurer of this change in the insurance risk without undue delay. The insured activity (including its nature, extent, amount of income/turnover, number of employees), the way of using the property and its condition and security, the extent of any compensation for damage or loss, in particular, are decisive for the assessment of the insurance risk.
- 3) At the request of the insurer, the policyholder is obliged to prove its insurance interest.
- 4) Upon a call of the insurer, however, not later than 10 business days from the date of receipt of such a call of the insurer, the policyholder and the insured are obliged, in particular but not exclusively, for the purpose of insurance risk assessment:
  - a) Enable the insurer or the persons authorised by the insurer to inspect their business premises;
  - b) Make the accounting or other documentation available to the insurer or the persons authorised by the insurer;

- c) Provide proof of the actual amount of the decisive data to the insurer or the persons authorised by the insurer (even during the term of Insurance) in 1 month from the delivery of the request of the insurer.
- 5) The insured is obliged to prevent the occurrence of an insured event, namely:
  - a) By complying with the obligations imposed by the applicable legislation, this Contract, safety and technical, including recommendatory, standards and reasonable instructions of the insurer;
  - b) By the proper care of the assets, to the ownership, possession, management and use of which the Insurance relates.
- 6) Both the policyholder and the insured are further obliged:
  - a) To notify the insurer of having concluded (i) another insurance against the same insurance risk and at the same time to notify the insurer of the name of the other insurer and the amount of the limit, sublimits and deductible, without undue delay, but not later than 20 business days from the creation of such insurance;
  - b) To notify the insurer of any increase in the insurance risk it becomes aware of and that arises after the conclusion of the Insurance Contract, in particular, but not exclusively, of any changes in the facts to which they were questioned when arranging the Insurance as well as of any changes in the essential circumstances referred to in Article 8 paragraph 1 above, without undue delay, but not later than 20 business days after the increase in the insurance risk.

#### **Article 9. OBLIGATIONS UPON THE OCCURRENCE OF LOSS**

- 1) In case of claim / loss the insured is obliged to the following:
  - a) Without undue delay, notify the insurer thereof and inform the same truthfully and completely of the occurrence and extent of such event, the exercise of the right to compensation for damage or injury to the injured parties, the rights of third parties and the possible multiple insurance;
  - b) Submit to the insurer the necessary documents and materials required by the insurer;
  - c) Minimize the extent and consequences of the loss and follow the instructions of the insurer;
  - d) Allow the insurer or the persons authorized by the insurer to carry out the inquiries necessary to assess the claim for insurance benefit and determine its amount (in particular, to enable the inspection of the damaged thing and examine the causes and extent of the damage or loss);
  - e) Maintain the condition caused by the loss, i.e. not to repair the damaged property or remove the remains until the insurer gives its consent thereto;
  - f) Notify it without delay to the competent authorities where a criminal offense or delict is suspected;
  - g) Act in such a way that it does not make it impossible for the Insurer to exercise the right against another person to claim damages or any other similar right arising upon it from the insured event;
  - h) Notify the insurer without undue delay that criminal or administrative proceedings have been initiated in respect of the loss and inform the Insurer about the elected legal representative, of the course and outcome of the proceedings and of any acts that the insured take in the matter in question;
  - i) Effectively defend itself against an unjustified claim for the compensation of damage or injury, raise a limitation period objection (if legitimate) and, after an agreement with the insurer, to use remedies;

- j) Inform the insurer that the injured person claims the right to compensation to the competent authority, without undue delay, however, not later than 20 business days after the claim has been exercised;
  - k) Inform the insurer without undue delay that compensation for damage or loss is also exercised by virtue other than the liability of the insured.
- 2) In the event of the claim / loss the insured is not entitled, in whole or in part, to acknowledge or compensate the right to compensation for damage or loss or to enter into an agreement with the injured party for out-of-court settlement without the prior written consent of the insurer.

#### **Article 10. CONSEQUENCES OF A BREACH OF OBLIGATIONS**

- 1) If the policyholder or the insured has deliberately or negligently violated the obligation to make true statements set out in section 2788 of the Civil Code, the insurer has the right to withdraw from the Contract if the same proves that it would not have concluded the Contract after true and complete answering the questions. The policyholder has the right to withdraw from the Contract if the insurer has breached the obligation to make true statements set out in section 2789 of the Civil Code. By withdrawing, the Insurance Contract is cancelled from the outset.
- 2) If a lower Premium is agreed as a result of a breach of an obligation of the policyholder or the insured upon the creation or change of the Insurance Contract, the insurer has the right to reduce the indemnity in the same proportion as is the proportion of the Premium received to the Premium he should have received.
- 3) If a fact that the insurer became aware of after the occurrence of the insured event and that the insurer could not learn in the course of arranging the Insurance or its change as a result of a committed breach of the obligation to make true statements established by the Civil Code by the insured or the policyholder is the cause of an insured event and if the insurer would not have concluded this Contract or would have concluded the Contract under different conditions with the knowledge of this fact, the insurer has the right to reject any insurance benefit. Insurance ceases to exist by the rejection of the insurance benefit.
- 4) If the policyholder or the insured breaches the obligation to report an increase in the insurance risk, the insurer has the right to terminate the Insurance without notice. If the insurer withdraws from the Insurance, it will be entitled to the Premiums until the end of the Insurance period in which the Insurance has ceased to exist. The lump-sum premium belongs to the insurer to the full extent in this case.
- 5) If the policyholder or the insured breaches the obligation to report an increase in insurance risk and if there is an Occurrence of Loss after the change, the insurer has the right to reduce the indemnity proportionally to the ratio of the Premium it has received to the Premium it would have received had it been aware of the increase in the insurance risk from the announcement in due time.
- 6) If the breach of the obligation of the policyholder, the insured or any other person entitled to the indemnity had a material influence on the occurrence of the insured event, its course, increase in the extent of its consequences or the determination of the indemnity amount, the insurer has the right to reduce the indemnity in proportion to the effect of the breach on the extent of the obligation of the insurer to perform.
- 7) The insurer has the right:
  - a) To reduce the indemnity if there has been a breach of the obligations of the policyholder or the insured and if such breach of obligations had a material effect on the occurrence of

- the insured event, its course or increase in the extent of its consequences, in proportion of the effect of the breach to the indemnity amount;
- b) To refuse to make payment under the Insurance Contract if the entitled person submits in the exercise of the right to be paid money from Insurance knowingly false or grossly distorted data relating to the extent of the insured event or conceals substantial information relating to the event; the Insurance is not terminated by then refusal to pay out money for this reason;
  - c) To reduce the indemnity if the insured person has acknowledged the right to compensation for damage or injury or has entered into a settlement agreement or achieved court settlement with the injured party without the prior written consent of the insurer;
  - d) Reimbursement of the costs and damaged incurred by the insurer by the breach of the obligations of the policyholder, the insured or the entitled person.

#### **Article 11. INSURED EVENT, INDEMNITY**

- 1) The insurer is obliged to initiate investigation without undue delay after an Insured Event is notified. If the investigation of the Insured Event cannot be finished in 3 months from its notification, the insurer is obliged to give the reasons for which the investigation cannot be finished.
- 2) The entitled person is obliged to prove to the insurer that it has the right to Indemnity.
- 3) The insurer may provide the entitled person, at his/her request, with reasonable advance payment of the Indemnity. This does not apply if there is a reasonable reason to deny the advance payment.
- 4) The indemnity is payable in 15 days after the end of the insured event investigation. Investigation of an insured event is deemed to be completed as soon as the insurer communicates its results to the entitled person or after a submission of the final decision to the insurer if a public authority decides on the cause or amount of compensation for damage or loss.
- 5) The insured has the right the insurer compensates the injured party in case of an Insured Event for the damage suffered or, as appropriate, any other loss, if the obligation to compensate the insured has arisen, to the extent and in the amount determined by the Insurance Contract. However, the injured party has no right to performance against the insurer.
- 6) The extent of the indemnity of the insurer is limited by the amount of compensation for damage or loss to which the insured is legally obliged, by the agreed extent of Insurance and the agreed limit of Indemnity including the sublimits. The obligation of the insurer to provide Indemnity relates to the obligation of the insured:
  - a) To make good the damage caused by the Insured Event, or
  - b) To compensate for damage under a written settlement agreement or any other similar agreement entered into between the insured and the injured party following the Insured Event (Article 9 paragraph 2 of these Insurance Conditions is unaffected),  
depending on which of the amounts under a) or b) of this paragraph is lower in the given case.
- 7) The overall performance of the insurer from all the insurance events in one annual insurance period is not limited, unless stipulated otherwise in the insurance contract. This does not affect Article 11, paragraph 6 of these conditions.

- 8) The insurer provides Indemnity in local currency, unless otherwise agreed. If Indemnity is provided in a foreign currency, the exchange rate announced by the Czech National Bank at the date of the occurrence of the Insured Event will be used for the conversion.
- 9) The insurance coverage is being provided in an amount calculated without the value added tax. In case the authorized person is not entitled to a deduction of the value added tax, and if the value added tax was charged to the authorized person, then the insurer shall provide insurance indemnification including the value added tax.
- 10) Assignment of a claim for insurance benefit is only possible with the prior written consent of the insurer. The insurer is entitled to deduct from the insurance benefit the due Premium receivables or other receivables from Insurance.
- 11) If, for reasons on the part of the policyholder, the insured, third party or due to force majeure, it is not possible to investigate the Insured Event or fulfil other obligations of the insurer, the insurer will not be obliged to perform until such reasons on the part of the policyholder, the insured or third party recede or until interventions of force majeure are removed.

#### **Article 12. RESCUE COSTS**

Rescue costs defined in the Civil Code are met by the insurer beyond the limit of the insurance benefit up to 10% of the limit or sublimit of the insurance benefit agreed for the insurance risk from which there was a threat of an Insured Event or from which the Insured Event related to rescue costs incurring occurred. When it comes to saving people's lives and health, the insurer meets the rescue costs of up to 30% of the limit or sublimit of the insurance benefit agreed for the insurance risk from which there was a threat of an Insured Event or from which the Insured Event related to rescue costs incurring occurred. Costs preventive in nature are not met by the insurer.

#### **Article 13. FORM OF NEGOTIATION, DELIVERY**

- 1) The Insurance Contract can be negotiated and changed and further legal actions leading to the termination of the Insurance may also be taken in the form of a simple email without electronic signature by which the relevant draft of the Insurance Contract and/or its draft amendment as well as the relevant legal actions leading to the termination of the Insurance as well as the acceptance of such a draft, change or legal actions leading to the termination of the Insurance will be sent. This is without prejudice to sections 2758 and 2759 of the Civil Code.
- 2) The correspondence address and the contact details that the party to the Insurance has communicated to the insurer are in particular used for delivery. The correspondence address is the address of the domicile or headquarters or, as appropriate, any other address the party to the Insurance has communicated to the insurer for this purpose (if an address of a person other than the party to the Insurance is given, the party to the Insurance bears the consequences arising from transmitting correspondence between these persons).

The electronic address and phone number of the party to the Insurance in particular are deemed the contact details.

- 3) The parties to the Insurance are obliged to notify the insurer without undue delay of any change in the correspondence address and the contact details.
- 4) Documents, the receipt of which has been denied by the addressee (the date of such denial is deemed the moment of delivery) and documents deposited with the postal service provider (the last day of the deposit period is deemed the moment of delivery) are also deemed delivered.

Insurer: Lloyd's Insurance Company S.A. Bastion Tower, Marsveldplein 5, 1050 Brussels, Belgium and registered with Banque-Carrefour des Entreprises / Kruispuntbank van Ondernemingen under number 682.594.839 RLE (Brussels); the Insurer acts in Czech Republic through CEE Specialty s.r.o., Francouzská 171/28, Vinohrady, 120 00 Prague 2, Id.No.: 079 47 208, registered under C 310327 at the Municipal Court in Prague



- 5) If the addressee deliberately denies delivery, the document is deemed to have been duly delivered. Conscientious frustration is also the case when the party to the Insurance has not notified the insurer of the change in the details applicable to the delivery.
- 6) If no other moment of delivery is demonstrated, a document sent using a postal service provider is deemed to be delivered to the addressee on the 3<sup>rd</sup> business day after the sending thereof or on the 15<sup>th</sup> business day after sending thereof abroad.
- 7) A document delivered to an electronic address is delivered on the day it was delivered to the electronic mailbox of the addressee. In case of doubt, it is deemed delivered on the date of the sending thereof by the sender.

#### **Article 14. GOVERNING LAW**

The Insurance Contract and the legal relationships arising from or related to it are governed by the laws of the Czech Republic. For disputes arising out of or related to the Insurance Contract there are competent courts for Prague 2 in the Czech Republic.

#### **Article 15. RESOLUTION OF COMPLAINTS**

Any complaints may be made upon CEE Specialty s.r.o. - see contact details below:

Address: Francouzská 121/28, Vinohrady, 120 00 Prague 2  
Data box identifier: s7yxcqy  
Executive: Tomáš Maršálek  
Mobil No.: +420 725 73 11 99  
Email: tomas.marsalek@cee-specialty.eu

Customers, insureds or beneficiaries may send complaints in writing to CEE Specialty s.r.o., which is obliged to forward the complaint to the insurer for settlement immediately. The complaint will be dealt with as soon as possible, in most cases within 30 days from the date of receipt. In case of dissatisfaction with the settlement of the complaint, it is possible to contact the Czech National Bank (Na Příkopě 28, 115 03 Prague 1), which is the insurance supervisory authority in the Czech Republic.